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Washington, D.C. - House Financial Services Committee Members R**eps. Brad Miller (D-NC)**, **Keith Ellison (D-MN)**
,
Steve Cohen (D-TN)
, and
Rep. Ben Chandler (D-KY)
today introduced legislation in the House of Representatives that would for the first time ever impose size and leverage limits on extremely large banks and other financial institutions. The

bill entitled "The Safe, Accountable, Fair, and Efficient Banking Act of 2010" is identical to legislation sponsored last week in the Senate by Sens. Ted Kaufman, Sherrod Brown, Bill Casey, and Sheldon Whitehouse.

"The gigantic size of megabanks, and the perception in the marketplace that they are too big for the government ever to permit them to fail, gives them a competitive advantage over smaller financial institutions that distorts the market and discourages competition." **Rep. Miller** said. "The lack of competition in the banking industry, in turn, leads to ever-higher levels of risk in the system."

The six largest U.S. banks today have total assets estimated to be in excess of 63 percent of our national GDP.

"Six institutions controlling assets the size of over 60% of our nation's GDP is unacceptable and dangerous," **Rep. Chandler** said. "We have already seen what happens when 'too big to fail' banks dominate our financial system—the crash of September 2008 and the Wall Street bailout. This bill will prevent that from happening again by breaking up these huge banks, protecting our local banks, and keeping the American people from funding additional bailouts with their tax dollars."

"Wall street has turned its back on our families," said **Rep.Cohen**. "We must put a cop on the beat on Wall Street to end the concept of 'too big to fail.' More than eight million jobs were lost because of the unchecked greed of big banks. The Safe Banking Act would make the six megabanks smaller, safer and more manageable. Under this measure, hard working families will never again be on the hook for Wall Street's mistakes."

The statutory caps included in the bill would immediately affect a handful of extremely large banks and financial holding companies. Under the bill, banks and non-bank financial companies would have one year to reduce their assets to less than two or three percent of U.S. GDP, respectively.

"The experience of the past few years demonstrates that large banks are more likely to become highly leveraged and therefore create excessive risk," **Rep. Ellison** said. "That is why the clear and reasonable leverage limits in this bill are so important to the stability of our financial system."

"The introduction of The Safe Banking Act is a major step forward towards reining in the power of our largest banks," said Simon Johnson, M.I.T. Professor of Economics and co-author of 13 Bankers. "These banks have become too big to manage, too big to regulate, and – because of their complex cross-border nature – too big to go bankrupt when they fail and also too big safely close down using any FDIC-type resolution process. There are no social benefits in having banks with over $100 billion in total assets, yet our largest banks have at least $2 trillion in assets. Reducing the size of our largest banks is necessary but not sufficient for financial stability in the United States – we need to implement the proposals in The Safe Banking Act in addition to all the other sensible reforms on the table that would strengthen effective regulation."

The SAFE Banking Act would limit the size of megabanks by:

Imposing a strict 10 percent cap on any bank-holding-company's share of the United States' total insured deposits.Limits the size of non-deposit liabilities at financial institutions (to 2 percent of United States GDP for banks, and 3 percent of GDP for non-bank institutions).Sets into law a 6 percent leverage limit for bank holding companies and selected nonbank financial institutions.

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***Note attachment Safe Banking Act Size and Leverage Charts